



**MINUTES OF THE  
CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

For the meeting held on  
March 29, 2011  
980 9<sup>th</sup> Street, Conference Center, 2nd Floor  
Sacramento, California 95814

Chairman Jimenez called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:30 p.m.

**1. Call To Order and Roll Call.**

The following Board members were in attendance:

Augustin Jimenez represented the Secretary of the Business, Transportation and Housing Agency.  
Pedro Reyes represented the Director of the Department of Finance.  
Francisco Lujano represented the State Treasurer.  
Anna Caballero, Secretary of the State and Consumer Services Agency.  
D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Molly Arnold and Paula Connors.

**2. Executive Director's Report.**

Executive Director Stan Hazelroth reported to the Board that:

- ❖ At the last meeting he reported on proposed Security and Exchange Commission (SEC) rules implementing certain requirements of the Dodd-Frank Act regarding financial advisors and that, if adopted, the proposed rules would require I-Bank Board members to register with the SEC as "financial advisors" He stated that he also previously informed the Board that written objections to the proposed rules were filed by the State Treasurer and the Municipal Securities Rulemaking Board, confirmed that no action had been taken on the proposed rules since he last reported, that the Government Finance Officers Association and the National Association of Bond Lawyers each filed similar objections, and that he will continue to keep the Board apprised of any action on the SEC's proposal.
- ❖ The I-Bank has added new staff to the ISRF Program Unit and introduced Ms. Winnie Fong, Loan Officer, and gave a brief background of Ms. Fong's experience.

**Consent Items:**

- 3. Approve minutes from the meeting held on March 1, 2011.**
- 4. Annual review and approval of the I-Bank Investment Policy, last readopted on April 27, 2010.**

Chairman Jimenez called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve the consent items. Mr. Reyes moved to approve the consent items and Mr. Lujano seconded the motion. The consent items were unanimously approved.

**Action Items:**

- 5. Resolution No 11-05 approving the first amendment to a loan agreement dated as of December 1, 2007, by and among the I-Bank, Banc of America Public Capital Corp and Applied Aerospace Structures, Corp. (Applied Aerospace), entered into for the benefit of Applied Aerospace to finance an economic development facility in the City of Stockton, California, which amendment will extend the date of disbursement of certain undisbursed loan proceeds to June 10, 2012.**

Ms. Connors presented a staff report that explained the request from Applied Aerospace Structures Corp. for an amendment to the I-Bank Loan Agreement to extend the time to spend loan proceeds by approximately one year from December 10, 2010 to December 31, 2011. She informed the Board that on December 11, 2007, the I-Bank obtained a loan from Banc of America Public Capital Corp (Lender) in the amount of \$6.5 million and, pursuant to the Loan Agreement, loaned the proceeds to Applied Aerospace to finance the design, development, construction and installation of an approximately 30,000 square foot manufacturing facility and related improvements on the real property located at 3437 South Airport Way, Stockton, California, and pay for the acquisition and installation of manufacturing equipment within the various manufacturing buildings located on the property site and costs of issuance in connection with the loan. She also stated that the loan remains outstanding as of February 10, 2011, in the principal amount of \$4,693,941.08. Ms. Connors reported Applied Aerospace has represented that it has not used all the loan proceeds in part due to the recent economic downturn, and that customer orders are increasing and orders received would necessitate project facility expansion and equipment acquisition that will utilize the remaining loan proceeds during 2011. Ms. Connors concluded her report by stating the lender is willing to extend the date of the disbursement of loan proceeds and forego prepayment of its loan.

Chairman Jimenez called for questions or comments from the Board and the public. Mr. Reyes asked if the amendment requires additional scoring of the California Debt Limit Allocation Committee as was stated in the original staff report. Ms. Connors answered that project scoring is completed by the State Treasurer's Office during the tax-exempt bond allocation process and is not repeated thereafter.

Chairman Jimenez called for additional questions or comments from the Board and the public. Hearing none, he entertained a motion to approve Resolution No 11-05. Mr. Reyes moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

Chairman Jimenez closed the Open Meeting and convened the Board in a Closed Session at approximately 1:50 p.m.

6. **Adjourn to Closed Session to Confer with Counsel Pursuant to Section 11126, subdivision (e)(1) and (e)(2)(A), regarding pending litigation entitled *William George, on behalf of himself and all other similarly situated v. California Infrastructure and Economic Development Bank, et al.*, United States District Court for the Eastern District of California (Sacramento Division), Case No. 2:09—CV-01610-GEB-DAD.**

Chairman Jimenez reconvened the Open Meeting at approximately 2:19 p.m. Nothing was reported out of the closed session.

**Other Non-Action Business.**

Chairman Jimenez called for any other business; there was none.

**Public Comment.**

Chairman Jimenez called for any public comment; there was none.

**Adjournment.**

Chairman Jimenez declared the meeting adjourned at approximately 2:20 p.m.